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<u>REMARKS</u>

Claims 1 – 19 are pending in the application.

<u>*Claim Rejections – 35 USC 102*</u>

In this section of the official action, Claims 1 – 8 were rejected under

35 USC 102(e) as being as being anticipated by Godin et al, US Patent 6,266,652.

Claims 1-3, 7, 8, 19 are rejected over Aggarwal et al, (hereinafter

Aggarwal) US Patent 6,151,589

The present invention teaches a method whereby a user may bid for items

in a "Reverse" or "Dutch" auction. In these types of auctions in general, the asking

price starts at a high level and decreases over time. The starting price, ending price,

start time and end time are all set before the start of the auction. The auction ends if

either the end time is reached, or all items have been sold.

Unlike the prior art, the present invention teaches a method whereby a user

may enter a bid which is below the current asking price, and hope that by the time the

asking price will decrease to the level of his bid (the calculated bid time), there will

still be some items left for him to buy.

In other words, the bidder bids a certain price which is below the current

asking price. Since the price decreases continually over time, there will come a time

when the current asking price will equal the bid price, provided the auction has not

ended yet. It is at this point in time that the bid becomes active, and the bidder has

won. The bidder runs the risk of all the items being sold to higher bidders, before the

asking price decreases to the level of his bid.

The method of the present invention requires that the auction platform

saves his bid until either he buys the item, or the auction ends. The auction platform

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also informs the bidder at what time and date the asking price will reach the bidder's

bid price (The bid time), if the auction hasn't ended yet. This is explained in the

present invention in paragraph 1 of page 9.

To be able to do the above, the present invention receives the bid and, based

on the price "calculates a bid time" – claim 1.

The feature of a gradual price decrease is clearly explained in claim 1,

where "first threshold bid, first time, second threshold bid, second time" are defined.

In claim 1, the term "calculated bid time" means the time when the current

asking price has decreased to the level of the bid price, and the bid becomes active

and wins. This is described in the current invention, in the last paragraph of page 5.

Both the prior arts mentioned by the examiner (Aggarwal and Godin) do

not require or calculate a "bid time" as defined in currently presented claim 1.

By contrast, Aggarwal teaches that "a response interval" and "time at which

buyer entered the bid" are held by the auction software. Aggarwal uses the

information in order to determine the response time for various buyers, and so to

determine when to schedule the next auction (column 5 lines 14-46) but makes no

calculations concerning the present auction. Aggarwal, therefore, teaches a method

comprising of several successive auctions. (Determining time intervals between

auctions. Aggarwal, column 3, line 47) and Aggarwal's claim 1 ("A method of

conducting continuous auctions…"). Clearly, no kind of calculation is performed that

could be considered calculating a bid time, that is to say no calculation is performed

which defines *when* a given bid is to become effective.

This is totally different from the bid time as defined in claims of the present

invention.

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In the present invention, "response time" and "time at which buyer entered the bid" are irrelevant. The present invention as claimed in claim 1 teaches a system where there is **one long** continuous auction of the "Reverse" or "Dutch" type (whose length is calculated to be between "said first time and said second time", i.e. start time and end time of the auction), as explained in claim 1, and illustrated in fig. 2., and a bid time is calculated *for each bid* (again, defined in claim 1).

Godin teaches a method whereby a "Reverse" auction takes place (as described above), and the decreasing price of the items for sale is continuously made available to "a plurality of computer terminals of potential purchasers" (column 10 lines 3-48). The potential purchasers are then able to enter a bid **at the current price**, and this bid is resolved immediately. No bid time calculation is performed, as none is necessary in Godin's method.

This too is entirely different from the calculated bid time as defined in the present invention as claimed in claim 1, where a bidder can bid *any price* at *any time* during the auction, and wait for the current price of the item on sale to decrease to the level of the bid price. The bidder, using the present invention as claimed in claim 1, knows exactly when his bid could be met, and he can check the auction results at any time thereafter.

In the present invention as claimed in claim 1, the current price (the price at the time the bid is placed) is not of crucial importance, as it is in Godin's method.

For further advantages of the presently claimed invention over the prior art the Examiner is referred to the previously filed response.

Claims 2-12 are believed to be allowable as being dependent on an allowable main claim.

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Rejections under 35 USC 103(a)

Claim 13 is rejected under U.S.C. 103(a) as being unpatentable over Godin et al (hereinafter Godin) U.S. Patent 6,266,652 in view of Pallakoff U.S. Patent 6,269,343.

Pallakoff teaches a method that is based on "tender offers" where a set amount of goods is offered, and at the end of the tender the number of items sold determine the price for all the bidders, who all pay the same price. The more items are purchased, the lower the price.

Godin's teachings cannot easily be modified to include the teachings of Pallakoff. Godin teaches a method using a reverse auction process (described above), in which the bids are resolved immediately at the current asking price, and the bidder knows exactly what price he is paying. Godin does not allow for bids to accumulate (as does the present invention), and so to include Pallakoff's method, the system would have to calculate the total number of items purchased at each price level, and give the volume discount retroactively, after the bids had already been processed.

By contrast, the present invention as claimed in claim 13 teaches that an individual bid is received for a calculated bid time when a certain quantity of goods have already been bid – the cumulative total at that particular calculated bid time. A price is calculated for that calculated bid time, based on that cumulative total . Godin does not teach a calculated price at a calculated bid time based on a cumulative total at that calculated bid time, and neither does Pallakoff, who teaches tendering rather than an auction. In Pallakoff there is only a final time at which tenders are accepted.

The importance of the above is that for the first time it enables the bidder to see the discount he will receive before the "bid time", and this will give him added incentive to bid. The present invention states that "bidders are aware of previously

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made bids" in paragraph 2 of page 9. This awareness enables them to know the discount they will be entitled to should the number of bid items currently displayed remain unchanged until "bid time".

Claims 9 and 14 – 19 are rejected under 35 USC 103(a) as unpatentable over Godin et al (hereinafter Godin) U.S. Patent 6,266,652 in view of Pallakoff U.S. Patent 6,269,343 in further view of Rackson et al (hereinafter Rackson) U.S. Patent 6,415,270.

Claims 9 and 14-18 are believed to be allowable as being dependent on an allowable main claim.

Claim 19 of the present invention teaches a method for providing the bidder in a reverse auction an indication of the probability that his bid, at a certain price level, will be accepted. The calculation of this probability is based on existing bids , price levels and the bid acceptance algorithm, which defines how acceptable bid prices change during the course of the auction. This information is important for the bidder, as he can now see what are his chances of winning at any particular price level. . This method of calculating the probability of success of a bid is described in detail in the present invention (page 15 third paragraph).

Godin's method does not teach using data of existing bids to calculate probabilities of success of new bids.

Rackson teaches a method of using charts to indicate the probability of a successful bid based on bidder-defined rules and input values. This is completely different from the present invention, which teaches the use of a **calculator** and memory for storing data of previous bids – data which is necessary for calculating the probabilities. Additionally, Rackson does not teach the method of reverse auction in which the asking price changes over time, as a function of time and/or as a function of

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quantity sold, as does the present invention as claimed in claim 19 (described in Page 2 last paragraph until page 3 second paragraph)

Furthermore, Godin's teachings cannot easily be modified to include the teachings of Rackson, and use methods of strategies and probabilities. Godin teaches a method using a reverse auction process (described above), in which the bids are resolved immediately at the current asking price, and the bidder knows exactly what price he is paying. If the bidder does not respond immediately at the current asking price, he risks that there may not be any items left for him. Rackson's methods of strategies and probabilities, if included in Godin's method, may help the bidder wait with his bid until the asking price drops to what is for him an acceptable level, but the bidder still has to stay "glued" to the screen until that time, and then make his bid, because Godin's method teaches a system where bids are resolved instantly.

The present invention as claimed in claim 19, on the other hand, greatly improves the situation in that it enables the bidder to calculate the probability of success for his bid, place his bid and return at a later time (after the calculated bid time) to check whether his bid has won.

All of the issues raised by the Examiner have been dealt with. In view of the foregoing, it is submitted that all the claims now pending in the application are allowable over the cited reference. An early Notice of Allowance is therefore respectfully requested.

Respectfully submitted,

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